



United States Attorney's Office
District of Columbia

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NEWS RELEASE

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Maryland Man Sentenced to 41 Months in Prison for Mortgage Fraud Conspiracy Costing Banks and Lenders Almost \$2 million

—property churning yielded \$1.6 million in fraud proceeds—

WASHINGTON - A Maryland man, Mark D. Blunt, was sentenced today to 41 months in prison on charges of conspiracy to defraud banks and mortgage lenders, announced Acting U.S. Attorney Channing D. Phillips and Joseph Persichini, Jr., Assistant Director in Charge of the FBI's Washington Field Office.

Blunt, 44, most recently of Lanham, Maryland, entered his guilty plea on August 3, 2009. He was sentenced in the U.S. District Court for the District of Columbia before the Honorable Judge Reggie B. Walton. In addition to his incarceration time, Blunt was ordered to pay \$1,904,012.80 in restitution.

According to the government's sentencing memorandum, Mark Blunt stole over \$1 million by orchestrating a series of sales of residential real estate in the District of Columbia. He targeted houses in poor condition, and recruited straw purchasers to fraudulently obtain bank loans which they were not capable of repaying, and which were greatly in excess of the true value of the properties. Because the straw purchasers did not make the monthly payments, the mortgages would fall into default; however, before final foreclosure the defendant would resell the properties to other straw buyers for an ever-increasing price, siphoning off additional loan money, and thus profiting from the churning of successive real estate sales.

The government noted that Blunt was the mastermind of the scheme. He arranged for the sales transactions and recruited the buyers, whose loan applications contained false statements in order to justify the millions of dollars of mortgages in their names. Each loan application greatly exaggerated the true salary and assets of the buyer; indeed, several loan applications falsely listed the straw buyers as being employed by the defendant's own company purportedly earning six-figure salaries when, in truth, the buyers earned a fraction of the listed salary and did not

work for the defendant's company. Each of the homes went into foreclosure or were sold at a "short sale" for less than the unpaid principal balance. The current amount of unpaid loans on these properties exceed the resell price or estimated value by almost \$2 million.

In announcing the sentence, Acting U.S. Attorney Phillips and Assistant Director in Charge Persichini praised the FBI Special Agent handling the case. In addition, they commended Paralegal Specialists Diane Hayes and Maggie McCabe, and Assistant U.S. Attorney Virginia Cheatham, who prosecuted the case.

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